



County of Los Angeles  
Department of Public Social Services

Bryce Yokomizo  
Director

October 31, 2002

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: FY 2002-03 BUDGET IMPACT

This is to provide you with an update on the impact of the 2002-03 Final Adopted Budget on my Department and to advise you of my intent to restructure the Department to more effectively use our diminishing resources.

#### Final Adopted Budget

As you know, the State Budget, signed by the Governor on September 5, 2002, included additional reductions in administrative funding for the Medi-Cal and Food Stamp programs. It is particularly ironic that the Governor imposed additional Food Stamp administrative funding reductions given the current Food Stamp error rate sanction facing the State and, most particularly, this County.

Based on the final State Budget and preliminary State administrative funding allocation information available to us, we had to curtail an additional 330 casework positions in your Board's October 1, 2002 budget actions. This increased our total budgeted position reduction for 2002-03 to 1,740 positions. Overall, we will be operating with casework staffing at approximately 80 percent of the caseload-justified need. Our administrative staffing was also reduced by over 190 management and administrative support positions.

Our Administration Budget funding has been reduced from the 2001-02 budgeted level by \$284.4 million. In addition to the staffing reductions, we have had to reduce funding in many of our services and supplies accounts, including a \$26.5 million reduction in funding for computers and technology services, a \$15.5 million reduction in funding for critically needed facilities maintenance, and an \$8.4 million reduction in funding for security services. Funding for all discretionary services and supplies accounts was either severely reduced or eliminated.

The outlook for 2003-04 is grim. At a minimum, we expect to lose the use of Performance Incentives funding. In addition, all indications from the State are that there will be additional State funding reductions in 2003-04, which are likely to significantly impact social services.

### **Operational Impact of Funding Reductions**

Fortunately, we do not have to layoff any employees at this point since we have not hired in the past year due to anticipated funding curtailments and currently have an employee population below our budgeted level. However, many employees are currently encumbering items that were eliminated and their reassignment to budgeted positions will create operational disruption as well as a severe loss of knowledgeable staff in many of our program policy sections. We must allocate our staffing to maximize available funding and are limited in our flexibility by the State's claiming process.

As we previously advised your Board, our staffing shortfall will impact our ability to continue service at the current level. This may result in:

- delays in the determination of eligibility for new applicants;
- delays in acquiring and acting on information related to recipients' changed circumstances which may result in quality control errors and State or federal sanctions;
- decreased accuracy in the determination of both initial and ongoing eligibility;
- potential inability to maintain the progress made to reduce the Food Stamp error rate and to reduce it to an acceptable level;
- decrease in Medi-Cal and Food Stamp outreach activities to enroll potentially qualified children and families;
- delays in processing of appeals and aid paid pending;
- delays in identifying and referring participants to supportive services, i.e., domestic violence, substance abuse, and mental health services;
- delays in responding to telephone hotline inquiries;
- decreased level of fraud prevention and detection activities;

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- longer waits for our recipients/participants in reception areas and for workers to return telephone calls;
- delays in the implementation of program changes;
- delays in the processing of payments to vendors and contractors;
- delays in making necessary LEADER modifications;

Although we are committed to minimizing service delivery disruption during these difficult times, it will be impossible to continue doing business as usual. We are aggressively pursuing all available funding options and operational efficiencies to maintain our current service delivery standard. However, the magnitude of the staffing shortfall and redirection of staff may result in participant, community and employee complaints and frustration.

#### **Departmental Reorganization**

Based on the Chief Administrative Officer's assessment that the State may impose additional curtailments in social services funding during this fiscal year, and the clear expectation of further reductions for 2003-04, we are currently developing a Departmental reorganization plan to ensure the most effective administration of our programs within our diminishing resources. We are in the preliminary planning phase and will be working closely with the Chief Administrative Office and the Department of Human Resources in this effort. Our target date for completion of the plan is May 2003.

Please call me if you need any additional information, or your staff may contact Susan Kerr at (562) 908-8633.

BY:SK  
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c: Chief Administrative Officer  
Director of Personnel  
Executive Officer, Board of Supervisors